



Link Holdings Limited 華星控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8237

* For identification purposes only

2023

First Quarterly Report



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Corporate Information

DIRECTORS

Executive Directors

Mr. He Dingding*

Mr. Lui Tin Shun*

Mr. Ngan Iek (*Chairman*) (resigned on
9 January 2023)

Datuk Siew Pek Tho (resigned on 9 May 2023)

Non-executive Directors

Mr. Chiu Kung Chik*

Mr. Wong Chun Hung Hanson* (*Chairman*)

Independent non-executive Directors

Ms. Chan Wai Ki Joffe*

Mr. Chan So Kuen

Ms. Liu Lu*

Mr. Simon Luk

Ms. Tam Mei Chu*

Mr. Thng Bock Cheng John

COMPANY SECRETARY

Ms. Lam Hoi Ki[^], HKICPA

Mr. Tong Hing Wah, HKICPA (cessation on
30 April 2023)

COMPLIANCE OFFICER

Mr. Lui Tin Shun*

Datuk Siew Pek Tho (resigned on 9 May 2023)

AUDIT COMMITTEE

Ms. Tam Mei Chu* (*Chairman*)

Ms. Chan Wai Ki Joffe*

Ms. Liu Lu*

Mr. Chan So Kuen

Mr. Thng Bock Cheng John (resigned on
9 May 2023)

Mr. Simon Luk (resigned on 9 May 2023)

* Appointed on 2 May 2023

[^] Appointed on 3 May 2023

REMUNERATION COMMITTEE

Ms. Chan Wai Ki Joffe* (*Chairman*)

Ms. Liu Lu*

Ms. Tam Mei Chu*

Mr. Chan So Kuen

Mr. Simon Luk (*Chairman*) (resigned on
9 May 2023)

Mr. Ngan Iek (resigned on 9 January 2023)

Datuk Siew Pek Tho (resigned on 9 May 2023)

Mr. Thng Bock Cheng John (resigned on
9 May 2023)

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Chiu Kung Chik* (*Chairman*)

Ms. Chan Wai Ki Joffe*

Mr. Chan So Kuen

Ms. Tam Mei Chu*

Mr. Ngan Iek (*Chairman*) (resigned on
9 January 2023)

Datuk Siew Pek Tho (resigned on 9 May 2023)

Mr. Simon Luk (resigned on 9 May 2023)

Mr. Thng Bock Cheng John (resigned on
9 May 2023)

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3503, 35/F
West Tower of Shun Tak Centre
No. 168–200 Connaught Road
Central
Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKER

DBS Bank Limited
12 Marina Boulevard
43-03 DBS Asia Central
Marina Bay Financial Centre
Tower 3
Singapore
018982

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

STOCK CODE

8237

COMPANY'S WEBSITE

www.irasia.com/listco/hk/linkholdings

Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Link Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2023 (the “**Review Period**”) together with the comparative figures for the corresponding period in 2022 as set out below. This quarterly report has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

For the Review Period, the Group’s operating results were as follows:

- revenue of the Group from hotel operation amounted to approximately HK\$14.0 million (2022: approximately HK\$3.1 million), representing a increase of approximately 351.6% as compared to the corresponding period in 2022.
- loss attributable to owners of the Company amounted to approximately HK\$11.1 million (2022: loss of approximately HK\$ 14.6 million).
- basic losses per share was approximately HK0.29 cents (2022: basic losses per share of approximately HK0.42 cents).

Condensed Consolidated Statements of Comprehensive Income

For the three months ended 31 March 2023

	Notes	(Unaudited) For three months ended 31 March	
		2023 HK\$	2022 HK\$
Revenue	3	14,043,811	3,078,633
Cost of sales		(4,303,633)	(3,408,534)
Gross profit (loss)		9,740,178	(329,901)
Loss from distressed debt assets at amortised cost	3	(26,045)	(282,920)
Other income, other gains and losses		292,629	643,997
Selling expenses		(270,549)	(115,233)
Administrative expenses		(14,208,831)	(9,008,073)
Finance costs		(6,242,362)	(5,530,520)
Loss before income tax	4	(10,714,980)	(14,622,650)
Income tax expense	5	(382,528)	–
Loss for the period		(11,097,508)	(14,622,650)
Other comprehensive income (expenses) that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		7,841,037	(2,463,828)
Gain on cash flow hedges		–	3,168,224
Other comprehensive income for the period, net of tax		7,841,037	704,396
Total comprehensive expenses for the period		(3,256,471)	(13,918,254)

Condensed Consolidated Statements of Comprehensive Income

For the three months ended 31 March 2023

	<i>Notes</i>	(Unaudited)	
		For three months ended	
		31 March	
		2023	2022
		HK\$	HK\$
Loss for the period attributable to:			
Owners of the Company		(11,085,712)	(14,605,530)
Non-controlling interests		(11,796)	(17,120)
		(11,097,508)	(14,622,650)
Total comprehensive income (expenses) attributable to:			
Owners of the Company		(3,383,869)	(13,891,703)
Non-controlling interests		96,303	(26,551)
		(3,287,566)	(13,918,254)
Losses per share	6		
Basic (HK cents per share)		(0.29)	(0.42)
Diluted (HK cents per share)		(0.29)	(0.42)

Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2023

	Attributable to owners of the Company											Total equity HK\$
	Share capital HK\$	Share premium HK\$ <i>(note a)</i>	Hotel properties	Other reserve HK\$ <i>(note c)</i>	Translation reserve HK\$ <i>(note d)</i>	Convertible bonds reserve HK\$ <i>(note e)</i>	Hedging reserve HK\$ <i>(note f)</i>	Retained earnings/ (Accumulated losses) HK\$	Total HK\$	Non-controlling interests HK\$		
			revaluation reserve HK\$ <i>(note b)</i>									
At 1 January 2022	3,490,000	333,122,249	50,692,756	2,014,251	(34,967,527)	25,040,738	(2,450,102)	(158,881,126)	218,041,239	2,660,283	220,701,522	
Loss for the period	-	-	-	-	-	-	-	(14,605,530)	(14,605,530)	(17,120)	(14,622,650)	
Other comprehensive income												
— Exchange difference on translating foreign operations	-	-	-	-	(2,460,728)	-	6,331	-	(2,454,397)	(9,431)	(2,463,828)	
— Gain on cash flow hedges	-	-	-	-	-	-	3,168,224	-	3,168,224	-	3,168,224	
Total comprehensive income for the period	-	-	-	-	(2,460,728)	-	3,174,555	(14,605,530)	(13,891,703)	(26,551)	(13,918,254)	
Balance at 31 March 2022 (unaudited)	3,490,000	333,122,249	50,692,756	2,014,251	(37,448,255)	25,040,738	724,453	(173,486,656)	204,149,536	2,633,732	206,783,268	
At 1 January 2023 (unaudited)	3,490,000	333,122,249	45,054,175	2,014,251	(65,390,899)	25,040,738	2,209,431	(201,658,302)	143,881,643	2,424,493	146,306,136	
Loss for the period	-	-	-	-	-	-	-	(11,085,712)	(11,085,712)	(11,796)	(11,097,508)	
Other comprehensive income (expenses)												
Items that may be reclassified subsequently to profit or loss:												
— Exchange difference on translating foreign operations	-	-	-	-	7,701,364	-	31,574	-	7,732,938	108,099	7,841,037	
Total comprehensive income (expenses) for the period	-	-	-	-	7,701,364	-	31,574	(11,085,712)	(8,095,099)	96,303	(3,256,471)	
Transaction with owners												
Contribution and distributions												
Conversion of convertible bonds	698,000	30,229,520	-	-	-	(14,342,489)	-	-	16,585,031	-	16,585,031	
	698,000	30,229,520	-	-	-	(14,342,489)	-	-	16,585,031	-	16,585,031	
Balance at 31 March 2023 (unaudited)	4,188,000	363,351,769	45,054,175	2,014,251	(57,689,535)	10,698,249	2,241,005	(212,744,014)	157,113,900	2,520,796	159,634,696	

Condensed Consolidated Statements of Changes in Equity

For the three months ended 31 March 2023

Notes:

- a. The share premium account of the Group represents the premium arising from the issuance of shares at premium.
- b. The hotel properties revaluation reserve represents the gains arising from the revaluation of hotel buildings of the Group and the associate (other than investment property).
- c. The other reserve of the Group represents the difference between the nominal value of shares issued by the Company and the aggregate nominal value of the issued share capital of the subsidiaries acquired pursuant to a group reorganisation which became effective on 20 June 2014. The other reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the consideration and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired.
- d. Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- e. The convertible bonds reserve represents the amount of proceeds on issue of convertible bonds, net of issue expenses, relating to the equity component (i.e. option to convert the debt into share capital).
- f. The hedging reserve included the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedge. Amounts are subsequently reclassified to profit or loss as appropriate.

Notes to the Financial Information

1 CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 15 May 2012 under the Companies Law, Cap 22 of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in hotel ownership, operation of hotel services, distressed debt assets management business and property investment.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial information for the Review Period has been prepared in accordance with the International Financial Reporting Standard (“**IFRSs**”) issued by the International Accounting Standards Board and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed first quarterly financial statements include an explanation of events and transactions that are significant to an understanding of the financial performances of the Group since 31 December 2022, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs which collective term includes all applicable individual IFRSs issued by the International Accounting Standards Board.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting periods beginning on or after 1 January 2023.

The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early adopted the new and revised standards that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised standards will have no material impact on the results and financial position of the Group.

Notes to the Financial Information

3 REVENUE & LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST

- (a) An analysis of the Group's revenue representing the aggregate amount of income from hotel operations and distressed debt assets is as follows:

	(Unaudited) For three months ended 31 March	
	2023	2022
	HK\$	HK\$
<i>Hotel operations:</i>		
Hotel room	11,734,286	1,088,284
Food and beverage	554,012	543,404
Rental income from hotel properties	1,599,011	1,163,497
Others (Note a)	156,502	283,448
	14,043,811	3,078,633

	(Unaudited) For three months ended 31 March	
	2023	2022
	HK\$	HK\$
Modification loss from distressed debt assets (Note b)	(26,045)	(282,920)

Notes:

- a. The amount mainly represents laundry and car park services.
- b. The amount arises from adjusting the gross amount of distressed debt assets to reflect the renegotiated or modified estimated cash flow.

Notes to the Financial Information

3 REVENUE & LOSS FROM DISTRESSED DEBT ASSETS AT AMORTISED COST (continued)

- (b) Disaggregation of revenue:
For the three months ended 31 March (Unaudited)

	Hotel business	
	2023	2022
	HK\$	HK\$
Primary geographical markets		
Singapore	14,043,811	1,683,229
Japan	–	1,395,404
Total	14,043,811	3,078,633

4 LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

	(Unaudited)	
	For three months ended	
	31 March	
	2023	2022
	HK\$	HK\$
Staff costs (Note)	6,819,460	4,112,853
Depreciation of property, plant and equipment	2,768,266	3,483,150
Depreciation of right-of-use assets	686,358	679,690
Singapore property taxes	753,087	750,901

Note: Staff costs include wages and salaries, short-term non-monetary benefits, and contributions to defined contribution plans.

Notes to the Financial Information

5 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the three months ended 31 March 2023 (2022: Nil). Singapore corporate income tax has been provided on the estimated assessable profits arising in Singapore at the rate of 17% during the three months ended 31 March 2023 (2022: 17%).

The subsidiaries in Indonesia are subject to 25% on their assessable profits for the three months ended 31 March 2023 as determined in accordance with the relevant Indonesia income tax rules and regulations (2022: 25%).

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits of a subsidiary operating in the PRC (2022: 25%).

Subsidiary operating in Japan is subject to national corporate income tax, inhabitant tax, and enterprise tax (hereinafter collectively referred to as “**Japan Profits Tax**”) in Japan, which, in aggregate, resulted in effective statutory income tax rates of approximately 33.59% for the year based on the existing legislation, interpretations and practices in respect thereof (2022: 33.59%). Japan profits tax has been provided on the estimated assessable profit arising in Japan.

Taxes on profits assessable in elsewhere have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

The major components of the income tax expense for the periods are as follows:

	(Unaudited) For three months ended 31 March	
	2023	2022
	HK\$	HK\$
Current tax expense		
— Singapore Corporate Income Tax	382,528	—

Notes to the Financial Information

6 LOSSES PER SHARE

The calculation of the basic and diluted losses per share attributable to owners of the Company is based on the following data:

	(Unaudited) For three months ended 31 March	
	2023	2022
	HK\$	HK\$
Losses		
Losses for the purpose of basic losses per share	(11,085,712)	(14,605,530)
Interest expenses on convertible bonds	364,435	586,621
Losses for the purpose of diluted losses per share	(10,721,277)	(14,018,909)

	For three months ended 31 March	
	2023	2022
	Shares	Shares
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic losses per share	3,815,733,333	3,490,000,000
Effect of potential dilutive ordinary shares on convertible bonds	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted losses per share	3,815,733,333	3,490,000,000

Ordinary shares are derived from 4,188,000,000 ordinary shares, being the number of shares in issue during the three months ended 31 March 2023 (2022: 3,490,000,000 ordinary shares).

For the three months ended 31 March 2023 and 2022, diluted losses per share is the same as basic losses per share as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect on the basic losses per share.

Notes to the Financial Information

7 DIVIDEND

The Directors do not recommend the payment of quarterly dividend for the three months ended 31 March 2023 (2022: Nil).

8 OTHER AND SUBSEQUENT EVENTS

Appointment of Receiver and Manager in respect of Link Hotel

A banking facilities of S\$31,000,000 was granted by DBS Bank Ltd (the "**DBS Bank**") to Hang Huo Investment Pte Ltd ("**HHI**"), an indirect wholly-owned subsidiary of the Company and the banking facilities are secured by a first legal mortgage over the piece and parcel of land (the "**Land**") owned by HHI and a first legal mortgage over the buildings, known as Link Hotel, erected on the Land (collectively the "**Mortgages**"), had expired and due on 11 January 2023.

On 31 March 2023, each of HHI in its capacity as borrower and mortgagor, the Company in its capacity as corporate guarantor, and Link Hotels International Pte Ltd ("**LHI**"), an indirect wholly owned subsidiary of the Company in its capacity as another corporate guarantor received notice of demand (the "**Demand Notice**") from the legal adviser of DBS Bank, demanding each of HHI, LHI and the Company for the repayment of total outstanding sum of S\$50,010,570.88 together with all further interest accruing thereon until the date of full payment and DBS Bank's legal costs on an indemnity basis within seven days from the date of the Demand Notice.

On 31 March 2023, the Demand Notice was due and resulted in the payment default of HHI. On 11 April 2023, two deeds of appointments of Mr. Wong Pheng Cheong Martin of FTI Consulting (Singapore) Pte Ltd had been executed by DBS Bank as receiver and manager towards the properties of HHI such that all powers to manage and deal with HHI and the Mortgages are now vested with the receiver and manager.

Please refer to the announcements of the Company dated 3 April 2023, 4 April 2023 and 12 April 2023 for further details.

Management Discussion and Analysis

BUSINESS REVIEW

The Group commenced its hotel business in Singapore with the opening of Link Hotel in 2007, and commenced its distressed debt assets management business in 2017. The Group also opened a spa hotel, namely Hanatsubaki Spa Hotel in Japan in September 2019.

For the Review Period, the Group continued to stay focused on the operation of its hotel business in Singapore. Nevertheless, the development of the resort hotel situated in Bintan, Indonesia pursuant to the master plan of the development of the Bintan Assets (as defined in the prospectus of the Company dated 30 June 2014 (the "**Prospectus**")) has been suspended since the outbreak of the COVID-19 pandemic in early 2020. Save as disclosed in this quarterly report, there is no material change in the Group's businesses during the Review Period.

The Group's principal hotel, namely Link Hotel in Singapore resumed normal business in April 2022. While the normal business of Link Hotel has been gradually improving, the Group also successfully retained the contract with the local government for using part of the hotel as quarantine accommodation during the Review Period, which provided the Group with a steady stream of income.

FINANCIAL REVIEW

For the Review Period, the Group recorded a total revenue from hotel operation of approximately HK\$14.0 million (2022: approximately HK\$3.1 million), representing an increase of approximately 351.6% as compared to the corresponding period in the last year. With the cornerstone set and unwavering efforts made to recover business from the COVID-19 pandemic, the occupancy rate of normal accommodation business of Link Hotel in Singapore in the first quarter of 2023 has increased significantly.

For the Review Period, loss attributable to owners of the Company was approximately HK\$11.1 million (2022: loss of approximately HK\$14.6 million). Such improvement in loss situation was mainly due to (i) the incurring of operating loss of approximately HK\$1.6 million (2022: operating loss of approximately HK\$7 million) for Link Hotel in Singapore as a result of the resumption of occupancy rate of normal accommodation business of Link Hotel in Singapore gradually as compared to the first quarter of 2022 as mentioned above; (ii) the incurring of operating loss of approximately HK\$1.3 million (2022: operating loss of approximately HK\$1.9 million) for the Group's spa hotel in Japan amid the COVID-19 pandemic; and (iii) the incurring of penalty interest of approximately HK\$2.5 million due to the default on redemption of convertible bonds which matured in November 2020 (2022: approximately HK\$2.5 million).

Management Discussion and Analysis

Basic losses per share for the Review Period was approximately HK cents 0.29 (2022: basic losses per share of approximately HK cents 0.42).

Hotel operation

For the Review Period, room revenue amounted to approximately HK\$11.7 million (2022: approximately HK\$1.1 million), accounting for approximately 83.6% (2022: approximately 35.3%) of the Group's total revenue from hotel operation. For the Review Period, room revenue mainly represents revenue generated from hotel accommodation in Singapore, which accounted for whole sum of total room revenue for the Review Period (2022: approximately 77.9%).

Regarding the spa hotel in Japan, in view of the expected difficult operating situation in the near future amid the subsisting and uncertain development of the COVID-19 pandemic, and given the tight financial resources of the Group such that it is financially infeasible to support the hotel's operating costs in light of its non-profitable situation so far, the Company temporarily closed the hotel in May 2022 until there is an optimistic anticipation on its profitability. While the hotel is closed, the Company will also seek potential buyers for the hotel if the offer price is considered acceptable, taking into account the imminence of the Group's cash flow requirements and the interest of the Group as a whole.

Since early 2020, although the normal business of Link Hotel in Singapore was adversely affected by worldwide travel restrictions and lockdown measures due to the COVID-19 pandemic, the hotel has been used as quarantine accommodation for local residents since the second quarter of 2020. During the Review Period, such engagement has only covered half of the number of hotel rooms of Link Hotel and shall end in September 2023. As a result, the Group is able to secure certain stable income during the Review Period with government engagement for part of the hotel; while it can also benefit from the gradual resumption of business upon the lifting of travel restrictions worldwide in respect of the part of hotel which opens for normal accommodation of tourists.

Management Discussion and Analysis

For the Review Period, food and beverage (“**F&B**”) revenue was approximately HK\$0.6 million (2022: approximately HK\$0.5 million), representing approximately 3.9% (2022: approximately 17.7%) of the total revenue from hotel operation. F&B revenue represents the sale of F&B in the restaurants, bars, room services and meeting spaces of the Group’s hotels.

The Group leases shop units in its Link Hotel in Singapore and receives rental income from hotel tenants. For the Review Period, rental income from hotel tenants was approximately HK\$1.6 million, representing approximately 11.4% of the total revenue from hotel business (2022: approximately HK\$1.2 million).

Bintan Assets

The construction contract for the first stage of the first phase of the Bintan Development Plan (as defined in the Prospectus) was signed in September 2016 (details were disclosed in the Company’s announcement dated 29 September 2016). Since 2020 and up to the Review Period, due to the tight financial resources and the COVID-19 pandemic, the construction progress was suspended. Based on the assessment of the Group’s financial resources availability, the Group made certain design changes to accommodate a reduced budget on overall construction cost. However, the progress of the construction was delayed as the subsisting COVID-19 pandemic had affected the supply chains of various sectors worldwide in the past several years. Due to the recovery of COVID-19 and the tourism is poised for a robust recovery, the Company expected that, on the basis of having adequate funding, the construction of the resort project is expected to be completed in 18 months.

Distressed debt assets management business

During the Review Period, the Group recorded loss from distressed debts assets (net of modification loss) of approximately HK\$26,045 (2022: loss of approximately HK\$0.3 million). Due to the consequent economic downturn and decrease in investment sentiments in the PRC, the execution plan on recovering the distressed debts was adversely affected during the Review Period.

Management Discussion and Analysis

Measures to address the going concern issue

During the Review Period and up to the date of this quarterly report, in order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, the Company had taken and intends to continue to implement the following measures to mitigate the liquidity pressure and to improve its cash flows, including but not limited to:

- (1) the Group has been communicating with the contractor for further extension of the repayment of the construction payable and an amicable repayment schedule so as to reduce the liquidity pressure to the Group. Further details will be discussed with the contractor upon completion of the on-site assessment of the bills of quantities of the construction works by the overseas construction team of the contractor after the relief of travel restrictions under the COVID-19 pandemic, which is currently expected to be in the first half of 2023;
- (2) the Group will seek potential purchasers regarding the proposed disposal of its spa hotel in Japan and realisation of its distressed debt assets, in order to generate working capital and strengthen the Group's liquidity position;
- (3) the Company will seek financial support from its major shareholders in order to ease the pressure from immediate operating capital;
- (4) the Company will continue its negotiation with the convertible bond holder for an amicable repayment schedule in respect of the convertible bonds which matured in November 2020; and
- (5) the Company will seek external debt financing in order to avoid a cash deficit position.

Breach of convertible bonds by the Company

Pursuant to the convertible bonds (the "**2015 Convertible Bonds**") issued by the Company on 30 November 2015 in favour of the convertible bond holder (the "**CB Holder**"), the Company was required to redeem the 2015 Convertible Bonds in the principal amount of approximately HK\$25.3 million on the maturity date, i.e. 30 November 2020. Given that the Group has failed to redeem the 2015 Convertible Bonds, which constituted an event of default, the CB Holder has issued two letters in December 2020 and a further letter in November 2021 to the Company demanding for the immediate repayment of the principal sum and default penalty under the 2015 Convertible Bonds together with all default interest. As at the date of this report, the Company was in the course of negotiating with the CB Holder for an amicable repayment schedule.

Management Discussion and Analysis

OUTLOOK

The Company is cautiously optimistic about its future prospects as it navigates the recovery from the COVID-19 pandemic. As the global vaccination rollout continues and travel restrictions gradually ease, the tourism industry is poised for a robust recovery. The Company is well-positioned to benefit from this resurgence, thanks to its diverse property portfolio and commitment to delivering exceptional experiences for its guests, subject to timely refinancing being obtained.

In the past, the Company has invested in non-performing loans and special assets. The Company will continue to evaluate its existing portfolio and seek suitable investments in special assets and restructuring opportunities. This strategic approach will contribute to the Company's growth and stability in the long term.

As part of its ongoing business strategy, the Company will constantly assess its hotel portfolio and consider plans for expansion or adjustment in light of the prevailing market situation. This proactive approach allows the Company to remain adaptable and responsive to market changes, ensuring optimal growth and value creation for its stakeholders.

Currently, the Company's Singapore hotel operations are under receivership due to liquidity challenges. Active engagement in refinancing efforts is underway to ensure a stable financial foundation for the business. With successful and timely refinancing, the Singapore hotel's future prospects are promising, as the market continues to thrive and attract both business and leisure travelers.

The Japanese hot spring resort is another promising venture contributing to the Company's future growth, subject to the timely refinancing. In recent years, there has been growing interest in wellness tourism, and the resort is well-positioned to cater to this demand. The Company plans to reopen the resort as travel restrictions ease and tourists return to Japan, subject to successful and timely refinancing. On the other hand, the Group will seek potential purchasers regarding the proposed disposal of its spa hotel in Japan in order to generate working capital and strengthen the Group's liquidity position.

Management Discussion and Analysis

The Bintan resort development represents an exciting opportunity for the Company to expand its regional footprint, subject to successful and timely refinancing. Bintan, a popular island destination in Indonesia, is known for its sandy beaches, lush greenery, and crystal-clear waters. The Company is carefully assessing the potential continuation of the Bintan development to cater to the growing demand for luxury accommodations, providing guests with a unique and memorable island getaway experience. The Bintan resort, if completed, will bolster the Company's presence in the region's burgeoning tourism market, helping diversify revenue streams and contribute to overall growth, provided that necessary refinancing is obtained in a timely manner.

The Company recognizes the gravity of its current liquidity challenges, resulting in its Singapore hotel operations being under receivership. Active efforts are being made to secure refinancing to stabilize the financial position. Engagement with financial institutions and potential investors to explore various refinancing options is ongoing, with a strong commitment to identifying the most suitable solution for the Company.

Looking to the future, the focus remains on continuous improvement, and creating unforgettable experiences for guests, while closely monitoring the refinancing process and constantly assessing the hotel portfolio. The Company is excited about the opportunities that lie ahead, including the potential Bintan resort development, and remains committed to working diligently to achieve its vision of becoming a leading hospitality provider in the region, subject to successful and timely refinancing.

With a commitment to delivering exceptional guest experiences, enhancing the value of properties, and strategically investing in special assets and restructuring opportunities, the Company looks forward to a bright future, provided that timely refinancing is obtained.

Other Information

AUDIT COMMITTEE

The Audit Committee was responsible for, among others, reviewing and providing supervision over the Group's financial reporting process, risk management and internal control system, and providing advice to the Board. The Audit Committee comprises four independent non-executive Directors, namely Ms. Tam Mei Chu, Ms. Chan Wai Ki Joffee, Ms. Liu Lu and Mr. Chan So Kuen. Ms. Tam Mei Chu is the chairman of the Audit Committee.

The condensed consolidated financial statements for the Review Period have not been audited by the auditors of the Company. The Audit Committee has reviewed the basis of preparation, the accounting principles and policies adopted by the Group and the unaudited financial results for the Review Period.

COMPETING INTEREST

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Review Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the three months ended 31 March 2023 and up to the report date.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Review Period. Neither the Company nor any of its subsidiaries had issued or granted any convertible securities, options, warrants or similar rights or exercise any conversion or subscription rights under any convertible securities, options, warrants or similar rights during the Review Period.

SIGNIFICANT EVENTS DURING THE REVIEW PERIOD

On 13 February 2023, Vertic Holdings Limited entered into a sale and purchase agreement with Ace Kingdom Enterprises Corporation (the "**Ace Kingdom**") in relation to the sale of 1,900,000,000 shares (the "**Sale Shares**") at a consideration of HK\$37,000,000 (the "**Sale**"), which is equivalent to approximately HK\$0.01947 per Sale Share. The Sale was completed on 15 February 2023.

Other Information

As the result of the Sale, the Ace Kingdom was required to make mandatory conditional cash offers (the “**Offers**”) for (i) all the other issued Shares in accordance with Rule 26.1 of the Takeovers Code; and (ii) all the outstanding Convertible Bonds in accordance with Rule 13.5 of the Takeovers Code. For details of the Offers, please refer to the announcement dated 24 February 2023 and the offer document dated 16 March 2023 of the Company.

On 5 May 2023, the Offers were closed. For the result of the Offers, please refer to the announcement dated 5 May 2023 of the Company.

EVENTS AFTER REVIEW PERIOD

Appointment of Receiver and Manager in respect of Link Hotel

A banking facilities of S\$31,000,000 was granted by DBS Bank Ltd (the “**DBS Bank**”) to Hang Huo Investment Pte Ltd (“**HHI**”), an indirect wholly-owned subsidiary of the Company, and the Banking Facilities which were secured by a first legal mortgage over the piece and parcel of land (the “**Land**”) owned by HHI and a first legal mortgage over the buildings, known as Link Hotel, erected on the Land (collectively the “**Mortgages**”), had expired and became due on 11 January 2023.

On 31 March 2023, each of HHI in its capacity as borrower and mortgagor, the Company in its capacity as corporate guarantor, and Link Hotels International Pte Ltd (“**LHI**”), an indirect wholly owned subsidiary of the Company in its capacity as another corporate guarantor, received notice of demand (the “**Demand Notice**”) from the legal adviser of DBS Bank, demanding each of HHI, LHI and the Company for the repayment of total outstanding sum of S\$50,010,570.88 together with all further interest accruing thereon until the date of full payment and DBS Bank’s legal costs on an indemnity basis within seven days from the date of the Demand Notice. On 31 March 2023, the Demand Notice was due and resulted in the payment default of HHI.

On 11 April 2023, two deeds of appointments of Mr. Wong Pheng Cheong Martin of FTI Consulting (Singapore) Pte Ltd had been executed by DBS Bank as Receiver and Manager towards the properties of HHI such that all powers to manage and deal with HHI and the mortgages are now vested with the Receiver and Manager.

Please refer to the announcements of the Company dated 3 April 2023, 4 April 2023 and 12 April 2023 for further details.

Other Information

Winding up Petition Against Silverine Pacific Ltd.

On 15 June 2023, Silverine Pacific Ltd. ("**Silverine**"), a direct wholly-owned subsidiary of the Company, received a petition (the "**Petition**") filed by Taigof Credit Opportunities Ltd. (the "**Petitioner**") for an order that Silverine may be wound up by the High Court of the Republic of Singapore. The Petition was filed against Silverine for failure to settle a sum of S\$1,800,000 being the alleged outstanding amount owed by Silverine to the Petitioner in relation to the provision of a proposed term loan facility of S\$60,000,000 by the Petitioner to Silverine under a facility agreement dated on or around 10 March 2023 entered into among Silverine, as borrower, the Petitioner, as lender, and Hang Huo Investment Pte. Ltd. and Link Hotels International Pte. Ltd., as guarantors. The Petition is scheduled to be heard on 7 July 2023. Please refer to the announcement of the Company dated 20 June 2023 for further details.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 March 2023, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) as recorded in the register to be kept under which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which is required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which is required to notify the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Other Information

TRANSFER OF THE 2020 CONVERTIBLE BONDS

Pursuant to the subscription agreement dated 21 June 2020 (the “**Subscription Agreement**”) entered into between the Company and Mr. Ng Meng Chit (“**Mr. Ng**”), the Company issued the zero-coupon convertible bonds (the “**2020 Convertible Bonds**”) in the principal amount of HK\$25,128,000 and due in June 2025. Based on the conversion price of HK\$0.036 (the “**Conversion Price**”) per conversion share (the “**Conversion Share**”), a total of 698,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. Details of the Convertible Bonds is set out in the announcement of the Company dated 21 June 2020.

On 26 January 2023, Mr. Ng transferred the Convertible Bonds in the principal amount of HK\$5,760,000 to Lao Sao Chan, HK\$5,760,000 to Ao leong Fan and HK\$6,408,000 to Ng Sam Meng. Upon exercise of the conversion rights attaching to such transferred 2020 Convertible Bonds in full, 160,000,000 Shares, 160,000,000 Shares and 178,000,000 Shares will be issued to Lao Sao Chan, Ao leong Fan and Ng Sam Meng respectively, representing approximately 3.82%, 3.28% and 4.25% of the total issued share capital of the Company respectively as enlarged by the allotment and issue of the 698,000,000 Conversion Shares.

CONVERSION OF THE 2020 CONVERTIBLE BONDS

On 30 January 2023, the Company received conversion notices from holders of the 2020 Convertible Bonds in relation to the exercise of the conversion rights attached to the 2020 Convertible Bonds with the aggregate principal amount of HK\$25,128,000 at the Conversion Price of HK\$0.036 per Conversion Share (the “**Conversion**”). The board of directors of the Company announced that, on 17 February 2023, the Conversion had been completed and (i) 200,000,000 Conversion Shares were allotted and issued to Mr. Ng, (ii) 178,000,000 Conversion Shares were allotted and issued to Ng Sam Meng; (iii) 160,000,000 Conversion Shares were allotted and issued to Ao Leong Fan; and (iv) 160,000,000 Conversion Shares were allotted and issued to Lao Sao Chan. Upon completion of the Conversion, all the outstanding 2020 Convertible Bonds were fully converted.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2023, so far as any Directors are aware, the following persons (other than the interests disclosed above in respect of certain Directors of the Company) had interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in Shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
Ace Kingdom Enterprises Corporation (" Ace Kingdom ")	Beneficial owner	1,902,434,000 (Note 1)	45.43%
Boomerang Investment Limited (" Boomerang ")	Interest of controlled corporation	1,902,434,000 (Note 1)	45.43%
Mr. Kwok Yi Chit	Interest of controlled corporation	1,902,434,000 (Note 1)	45.43%
Billion Supreme Holdings Limited	Interest of controlled corporation	1,902,434,000 (Note 1)	45.43%
CMI Financial Holding Company Limited (" CMI Hong Kong ")	Beneficial owner	690,000,000 (Note 2)	16.48%
China Minsheng Asia Asset Management Company Limited# (Formerly known as "Minsheng (Shanghai) Asset Management Company Limited#") 中民投亞洲資產管理有限公司 (前稱「民生(上海)資產管理有限公司」) (" CMI Asia ")	Interest of controlled corporation	690,000,000 (Note 2)	16.48%

Other Information

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage
China Minsheng Investment Group Corporation Limited [#] (中國民生投資股份有限公司) ("China Minsheng Investment")	Interest of controlled corporation	690,000,000 (Note 2)	16.48%
China Orient Asset Management Corporation ("China Orient")	Beneficial Owner	310,000,000 (Note 3)	7.40%

Notes:

1. Ace Kingdom is a company owned as to 45% by Boomerang, 35% by Mr. Kwok Yi Chit and 20% by Billion Supreme Holdings Limited.
2. Such shares are held by CMI Hong Kong, which is wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the shares held by CMI Hong Kong under Part XV of the SFO.
3. Pursuant to the notices of disclosure of interest filed by China Orient, it has (i) a security interest in 200,000,000 Shares, and (ii) a deemed interest in 110,000,000 Shares held by its controlled corporation.

Other Information

Long position in the underlying shares of the convertible bonds of the Company

Name of the holder of the convertible bonds	Capacity	Principal amount of the convertible bonds	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company <i>(Note 1)</i>
CMI Hong Kong <i>(Note 2)</i>	Beneficial owner	HK\$25,278,000	76,600,000	1.83%
CMI Asia <i>(Note 2)</i>	Interest of controlled corporation	HK\$25,278,000	76,600,000	1.83%
China Minsheng Investment <i>(Note 2)</i>	Interest of controlled corporation	HK\$25,278,000	76,600,000	1.83%

Notes:

1. As at 31 March 2023, the Company has a total number of 4,188,000,000 shares in issue.
2. Such underlying shares are held by CMI Hong Kong, a company wholly-owned by CMI Asia, which is in turn wholly-owned by China Minsheng Investment. Both CMI Asia and China Minsheng Investment are deemed to be interested in all the underlying shares held by CMI Hong Kong under Part XV of the SFO.

Other Information

Save as disclosed above, as at 31 March 2023, the Directors were not aware of any other person who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

By Order of the Board
Link Holdings Limited
He Dingding

Chief Executive Officer and executive Director

Hong Kong, 23 June 2023

- # In this report, translated English names of Chinese entities for which no official English translation exist are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names and their English translation, the Chinese names shall prevail.